

## **Revenue Committee**

### **Final Meeting Summary** *Adopted (October 17, 2000)*

**April 18, 2000**

**Committee members present:** Chair Skip Rowley, Roger Dormaier, Councilmember Dave Earling, Jim Fitzgerald, Aaron Ostrom, Neil Peterson, Larry Pursley, Commissioner Judy Wilson

**Other Commissioners present:** Bob Dilger, Representative Ruth Fisher, Senator Jim Horn

**Committee members not present:** Governor Booth Gardner, Bob Helsell, Representative Ed Murray, Senator George Sellar, Doug Vaughn

The Revenue Committee convened at 8:30 am at the SeaTac Holiday Inn. Chair Skip Rowley welcomed new committee member Aaron Ostrom. A motion was made and seconded to adopt the March 21, 2000 meeting summary and the meeting summary was approved.

During the public comment period, Don Williams of Gig Harbor addressed the committee. He made points regarding waste and inefficiency in WSDOT and the failure to complete the second phase of the performance audit; and the need to convince the public that a shift toward user fees would not be just another way of imposing tolls on existing facilities. Doug Rauh of Bainbridge Island addressed the committee and said he wished to second the comments of the previous speaker.

King County Councilmember Maggie Fimia addressed the committee on behalf of the Puget Sound Pricing Task Force. She described the “tragedy of the commons” in which as each herdsman adds a single cow to the common pasture, no change is perceived until the pasture become overgrazed. The roadway system is our commons, with each increment of additional traffic invisible and of little cost to the individual. The only remedy was to change the pricing of the roads to achieve the desired outcome of reduced congestion.

## **Puget Sound Pricing Study**

Transportation Commissioner Aubrey Davis, Chair of the Puget Sound Pricing Task Force, presented to the committee. The first research paper prepared by the task force found that 62% of the region's transportation costs were private, 24% were freight-related and only 8% were public costs associated with roads, ferries and transit. The second paper reported on the effects of the current finance structure; and the third paper was now evaluating pricing options. The present pricing system does not balance supply and demand. Options are being evaluated by measuring benefits and costs of each and by evaluating public acceptance and fairness.

The approaches being tested include a system-wide look, and place-specific and facility-specific analyses. The options being evaluated are a fuel tax increase, a vehicle-mile traveled (VMT) charge, congestion pricing, parking charges and HOT lanes. Only principle arterials are included in the modeling. The 2010 test scenario found that only 24% of the lane miles would be congested enough to meet the threshold of pricing. Tolls would range from 5 cents to 65 cents per VMT, depending on volumes. Toll revenues would generate \$8.65 million per day or \$2.6 billion per year. The net benefit in travel time savings would generate \$7.25 million per day. This scenario assumes that 76% of the arterial system would continue to be unpriced. The task force believes that until the issue of pricing is faced, despite public opposition, the problem of congestion cannot be fixed.

Committee members asked how such a pricing system would affect the cost of goods and services and whether it could distinguish between discretionary and non-discretionary travel. Also how the technology would work. The reply indicated that these were all issues that would have to be worked out, although the technology of global positioning systems (GPS) was already available.

## **King County Transportation Coalition**

Rob McKenna of the King County Council and Connie Marshall of the Bellevue City Council addressed the committee. The goal of the King County Transportation Coalition was originally to develop priority projects for R-49, beginning in December 1999. The premise was that the region was way behind in its transportation infrastructure and there was an enormous need to catch up. The state and federal governments would not be able to bail out the region; locally an addition 67 cent per gallon gas tax would be needed to raise the \$1 billion needed. There will be no silver bullet; instead urbanized regions will need more tools and more local control. Corridors such as SR 520, I 405, SR 167, the Mercer Mess, were all going to be very costly.

What might a new regional entity look like? It will need flexibility to do different things in different parts of the state. The coalition had no specific revenue proposals, but since the numbers will be big, a layered approach for all modes and more choices will be needed. Any model must balance regional and local projects; must accommodate the anticipated growth and density; must be guided by measures of effectiveness. The speakers urged committee members to be bold, go for the big ideas and respond to the desire for leadership.

Asked about potential revenue sources they might recommend, the speakers said the likeliest were the gas tax, sales tax, a local option MVET and creative options using private capital and bonding. Asked whether they were going beyond King County in their discussions, McKenna replied that they had begun with local discussions and were planning to compare notes with other areas this summer.

## **Discussion of Revenue Options**

The discussion was opened with a set of handouts on colored paper showing a framework for an increasing set of revenue options from a “Do Nothing” scenario of efficiencies only, ranging all the way to a set of significant investments with new revenues. Members discussed whether the Commission could be credible in proposing new revenues without first providing evidence of seriously having looked at maximizing every existing source. Another point of view was expressed that asked why a “Do Nothing” scenario would even be considered since everyone on the Commission recognized that a bold plan was needed and expected. Another member suggested it was confusing to put too many scenarios forward because it distracted attention from what should be the real focus.

Jerry Cormick, facilitator, suggested a tiered approach to investments that would be linked to revenues: 1) maintenance, preservation, operations and safety; 2) improvements and choices to the state system and to major corridors; 3) regional and local funding tools. The discussion should be not an either/or question but rather how can we do this and this and this? Members discussed whether such a tiered approach would fit all parts of the state. One member pointed out that the overall state system needed to be kept intact. A provision must be, “first do no harm.” Another member said that first the Commission needed to do a better job articulating a vision of how the money would be used. For example, it could “guarantee a given travel speed by 2020.” It was also pointed out that there needs to be a logical match between a revenue request and the benefits that would be gained from it.

Members discussed the draft Interim Revenue Committee Report. Discussion points included:

- Indexing the gas tax has been a sore subject in the past. Should there be a mechanism to allow the legislature to retain control of increases? What if indexing generates more money than is needed?
- The cap on increases should address that. Without an indexing provision, any gas tax increase will erode again.
- The weight-based fee will be unpalatable to some constituencies. It must especially not be used to treat a single class of vehicles differently.
- A general sales tax does not address the user fee principle well and does not establish a linkage between the source and the use.
- These options have a role to play in demonstrating to the public that all options were considered.
- The linkage needs to be made from a user’s point of view. A sales tax imposed on new or used cars or auto parts establishes a linkage. However cars can’t be asked to pay for everything.
- There may very well be options in a package that one or another of the members may not like; however to achieve a package, we will have to agree to even some toward which we are not very favorably inclined.

- The local option ride sharing tax credit should be a stand-alone option. The commuter parking tax may be possible under existing authority and should be researched.
- The report should be cleaned up with respect to individual options and whether there is mention of voter approval. Any option might be subject to approval so individual mention should be removed.
- A matrix evaluating the options and comparing their characteristics and revenue potential would be helpful.
- Will there be suggestions on how to direct revenues? For example, a fee on commercial vehicles might be targeted to projects that benefit freight.

The Committee adjourned at 11:45 a.m.